force. I also have the position of Chairman of the Senate Caucus on International Narcotics Control.

In both of these efforts, every member of the task force and the caucus—we pledge to do everything we can to put this issue back on the right track, meaning that it is as important a policy concern for us in the Congress as it is for the 94 percent of the people at the grassroots who say it is a major concern, more so than balancing the budget or welfare reform or health care reform. I believe my colleagues will do that.

But there is no task force, there is no caucus, no law that we can pass that is the answer to this problem by itself or even a serious commitment by the administration to this—albeit that is very, very important as an answer. Hopefully, the new appointee as czar highlights that, and he will do that. I feel that he will. We also, though, need a more sweeping, renewed effort to get the word out to a new generation of young people about the harm and wrongs of using drugs.

But our efforts cannot stop or start with just Government action. It is going to take a public commitment to the effort. We have to see communities and families reengaged on the issue. We need parents talking to children. We need a strong, clear message coming from our cultural elite, from the media, and from our community leaders. It is a message that we must continually renew. It is not a sometime thing, Mr. President.

If we do not do this on a concerted basis, we put the next generation at risk. Most importantly, as political leaders, as just part of the element of our total society to accomplish this goal, we have ignored our responsibilities, but so have the other elements of society.

When mothers sell their sons for drugs, when our own military bases are not free of drug trafficking, we have a problem that touches home. While only one American has died in Bosnia, many Americans die from drug use and have their lives ruined by drugs every day. We have a clear interest in doing something meaningful on this issue. It strikes home. The public understands it. The American people support meaningful action. This is a problem that we cannot afford to ignore. It is an issue that can only grow worse if we do not act. That is why the initiative to establish a serious drug policy is critical for the future.

So, I call not just upon my colleagues to work to renew our effort or to renew Congress' leadership on an issue so essential to the health and welfare of the Nation's young, but I call upon all of society to respond accordingly.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

BALANCED BUDGET DOWNPAYMENT ACT, II

The Senate continued with consideration of the bill.

AMENDMENT NO. 3547 TO AMENDMENT NO. 3466

Mr. HATFIELD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oregon [Mr. HATFIELD], for himself, Mr. HOLLINGS, Mr. PELL, Mr. DASCHLE and Mr. KERRY, proposes an amendment numbered 3547 to No. 3466.

Mr. HATFIELD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

The appropriation for the Arms Control and Disarmament Agency in Public Law 103–317 (108 STAT. 1768) is amended by deleting after ''until expended'' the following: ''only for activities related to the implementation of the Chemical Weapons Convention'' : *Provided*, That amounts made available shall not be used to undertake new programs or to increase employment above levels on board at the time of enactment of this Act.

Mr. HOLLINGS. Mr. President, we have been working with the other side of the aisle to see if there was some way to get additional operating resources for the Arms Control and Disarmament Agency or ''ACDA'' as it is called. ACDA's appropriation in this bill has been reduced to $35,700,000, down from its current level of $50,378,000, and far below the President's request of $75,300,000.

This amendment frees up approximately $2,700,000 in prior year appropriations that are earmarked in the fiscal year 1995 Commerce, Justice, and State Appropriations Act for the Chemical Weapons Convention. It allows these resources to be used instead for ACDA salaries and expenses. The amendment stipulates that these funds not be used to increase ACDA's staff. However, given the current funding situation that I have outlined, adding staff does not appear to be a viable option for this agency.

Mr. President, we have tried to find an acceptable offset or list of offsets to provide ACDA with more than the $2,700,000 in this amendment. I know that was the wish of our distinguished minority leader, Senator DASCHLE, and Senator PELL, our former Foreign Relations Committee chairman. I believe that was the hope of the chairman of our committee, Senator HATFIELD. However, this has not proven to be possible and this amendment represents the best we can do at this time.

I urge adoption of the amendment.

Mr. HATFIELD. Mr. President, this amendment has been cleared on both sides of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3547) was agreed to.

Mr. HATFIELD. I move to reconsider the vote, and I move to lay it on the table.

The motion to lay on the table was agreed to.

BONNEVILLE POWER ADMINISTRATION REFINANCING

Mr. HATFIELD. Mr. President, I would like to speak briefly on section 3303 of the bill we are now considering. Section 3303, on Bonneville Power Administration refinancing, is bipartisan legislation which would resolve permanently past interest rate subsidy criticisms regarding the Federal Columbia River Power System [FCRPS] investments in a manner that benefits Federal taxpayers while minimizing the impact of the Bonneville Power Administration's [Bonneville] power and transmission rates.

Section 3303 is substantially equivalent to legislation transmitted to the Congress by the administration on September 15, 1994. Senator MURRAY and I introduced the administration's proposal as S. 92 on January 4, 1995. The Senate Committee on Energy and Natural Resources reported S. 92 on July 11, 1995. This legislation has already passed the Senate and the House as part of H.R. 2491, the 7-Year Balanced Budget Reconciliation Act of 1995. The administration continues to support this legislation and I urge the Senate to adopt it again.

This legislation is important to my region of the country because it will enhance the long-term electric rate stability of the Bonneville Power Administration and thereby better position Bonneville to retain market share and thereby be better able to fund all of its responsibilities, including the fish and wildlife duties under the Northwest Power Act and the repayment obligations to the U.S. Treasury. In exchange for providing enhanced certainty to Bonneville in terms of its Treasury repayment responsibilities, the U.S. Treasury would realize additional returns from Bonneville ratepayers and the Federal budget deficit would be reduced by about $89 million over the current 7-year budget window. In short, section 3303 would provide long-term rate stability benefits for Northwest ratepayers and increased revenues for the U.S. Treasury. The Congress should again pass this legislation and forward it to the President for final enactment.

Mr. President, Bonneville is at a crossroads. As a power marketer of abundant inexpensive hydroelectric power from the Columbia River and other river systems in the Pacific Northwest, Bonneville was for many years unhampered by serious competitive pressure. Free for the most part

from the constraints that normally attend close competition, Bonneville was able to use its economical resource mix to achieve revenues that enabled it to pursue the ambitious mandates of the Pacific Northwest Power Planning and Conservation Act of 1980, commonly referred to as the Northwest Power Act. Whatever their views of Bonneville's mandated programs, Bonneville's customers stayed because Bonneville was by a substantial margin the low-cost provider, with a reliable and stable bulk electric power system unequaled in the world. Indeed, low cost Federal hydroelectric power was the key assumption underpinning the Northwest Power Act.

That assumption must now yield to a new reality. The costs of Bonneville's required fish mitigation efforts under the Endangered Species Act and the Northwest Power Act, and Bonneville's resource acquisitions, primarily nuclear energy and electric power conservation, have driven Bonneville's price upward. At the same time, other factors have aligned to drive down the costs of alternative sources of electric power. New technology in the form of highly efficient combined cycle gas turbines, declining gas prices caused by open competition and the discovery and exploitation of huge gas deposits in Canada, and the presence of surplus gas generation in California have combined to lure long-term Bonneville customers away from Bonneville and Federal hydroelectric power.

First and foremost Bonneville is a business enterprise. It must meet the competition, and maintain a customer base sufficient to fund its statutory responsibilities and to protect the billions of dollars invested in the FCRPS by Federal taxpayers. To meet these responsibilities, Bonneville has cut and continues to cut costs dramatically through huge program deferrals, program elimination and staff reductions. These severe cuts are essential to maintain an adequately low product price. Nonetheless, the Congress has realized that these measures may not be enough. To maintain a long-term customer base, Bonneville must be rate stable, meaning it must be able to assure its customers that they are insulated from important risks of cost escalation.

For many years, several administrations have threatened to change fundamentally the terms upon which Bonneville satisfies its obligation to return the taxpayers' investment in the FCRPS. These proposals had varying facets but in general would have increased substantially the returns to the Treasury. The annual threats, elicited in Bonneville's customers a grave concern that steeply increased returns to the Treasury would ultimately be visited on them. Section 3303 will eliminate this risk. Yet at the same time it will exact from ratepayers a fair price for eliminating the uncertainty. Analogizing to a common transaction relating to mortgages or other financial contracts, the bill would have Bonneville and its ratepayers pay a charge to refinance the contract to obtain other favorable terms. At the same time, the bill acknowledges the new reality of the market-place and seeks to strengthen Bonneville so that it is positioned in the long-run to recoup the Federal investment in full.

The purpose of section 3303 is to assure power purchasers that Bonneville will not be forced to raise its wholesale electric rates to noncompetitive levels in order to satisfy possible future changes in law or practice relating to the requirements under which Bonneville presently repays the Federal capital investment funded by appropriations in the FCRPS. In exchange for providing enhanced certainty in the terms of Bonneville's repayment responsibilities, the U.S. Treasury would realize additional returns from Bonneville ratepayers because enactment of the bill would increase Bonneville's payments in respect of the affected investments by a net present value of $100 million.

Section 3303 would accomplish this by providing for reconstitution of the outstanding repayment obligations of Bonneville for the appropriated capital investments in the FCRPS. Section 3303 would reset Bonneville's repayment obligation on all outstanding appropriated Federal investments in the FCRPS, as of October 1, 1996. The interest rates to repay the FCRPS investments would thus increase from their relatively low imbedded levels, which average approximately 3.4 percent, to current Treasury interest rates. Treasury interest rates at the time of the resetting of the principal amount of the investments are expected to be substantially higher than the historically imbedded rates.

The total principal amount outstanding on the appropriated investment repayment responsibility, now approximately $6.7 billion, would be reset to equal the sum of the net present value of the payments Bonneville would be expected to make under current practice, plus an increment of $100 million. The present value would be determined using then current Treasury rates. The bill would lead Bonneville to recover for return to the Treasury an additional $100 million in net present value over that which would be returned under existing repayment conditions. This supplement to the present value of Bonneville's repayment obligation will cause a noticeable but tolerable increase in the costs to be recovered in Bonneville's rates. As I indicated previously, it would also result in favorable budget scoring effects.

Section 3303 would provide necessary certainty to Bonneville customers, by requiring that Bonneville offer certain contract terms in all future and existing contracts for the sale of electric power and the provision of transmission services. These contract terms would be intended to discourage a future Congress from amending law in a manner that would exact further returns with respect to an investment once the investment is repaid, or from taking returns on the investment in addition to the principal and interest provided under the section 3303.

Mr. President, in summary I emphasize that section 3303 is bipartisan legislation which passed the Congress in the 1995 reconciliation bill and continues to be supported by the administration. The proposal would satisfactorily resolve a longstanding disagreement in a manner that is fair and provides certainty to both Pacific Northwest electric ratepayers and Federal taxpayers. Section 3303 would also enhance the long-term rate stability of the Bonneville Power Administration, better position Bonneville to retain market share, and thereby improve Bonneville's ability to fund all of its responsibilities, including the fish and wildlife duties and Treasury repayment. I urge the Senate to again pass this legislation.

Mr. President, I ask unanimous consent that the section-by-section analysis that has been prepared to accompany section 3303 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD; as follows:

SECTION 3303 BONNEVILLE POWER ADMINISTRATION SECTION-BY-SECTION ANALYSIS

INTRODUCTION

The Bonneville Power Administration (BPA) markets electric power produced by federal hydroelectric projects in the Pacific Northwest and provides electric power transmission services over certain federally-owned transmission facilities. Among other obligations, BPA establishes rates to repay to the U.S. Treasury the federal taxpayers' investments in these hydroelectric projects and transmission facilities made primarily through annual and no-year appropriations. Since the early 1980's, subsidy criticisms have been directed at the relatively low interest rates applicable to many of these Federal Columbia River Power System (FCRPS) investments. The purpose of Section 3303 is to resolve permanently the subsidy criticisms in a way that benefits the taxpayer while minimizing the impact on BPA's power and transmission rates.

The legislation accomplishes this purpose by resetting the principal of BPA's outstanding repayment obligations at an amount that is $100 million greater than the present value of the principal and interest BPA would have paid in the absence of this Section 3303 on the outstanding appropriated investments in the FCRPS. The interest rates applicable to the reset principal amounts are based on the U.S. Treasury's borrowing costs in effect at the time the principal is reset. The resetting of the repayment obligations is effective October 1, 1996, coincident with the beginning of BPA's next rate period.

While Section 3303 increases BPA's repayment obligations, and consequently will increase the rates BPA charges its ratepayers, it also provides assurance to BPA ratepayers that the Government will not further increase these obligations in the future. By eliminating the exposure to such increases, the legislation substantially improves the ability of BPA to maintain its customer base, and to make future payments to the U.S. Treasury on time and in full. Since Section 3303 will cause both BPA's rates and its

cash transfers to the U.S. Treasury to increase, it will aid in reducing the Federal budget deficit by an estimated $89 million over the current budget window.

SUBSECTION (A) DEFINITIONS

This subsection contains definitions that apply to this Section 3303.

Paragraph (1) is self-explanatory.

Paragraph (2) clarifies the repayment obligations to be affected under Section 3303 by defining ''capital investment'' to mean a capitalized cost funded by a Federal appropriation for a project, facility, or separable unit or feature of a project or facility, provided that the investment is one for which the Administrator of the Bonneville Power Administration (Administrator or BPA) is required by law to establish rates to repay to the U.S. Treasury. The definition excludes Federal irrigation investments required by law to be repaid by the Administrator through the sale of electric power, transmission or other services; and, investments financed either by BPA current revenues or by bonds issued and sold, or authorized to be issued and sold, under section 13 of the Federal Columbia River Transmission System Act.

Paragraph (3) defines new capital investments as those capital investments that are placed in service after September 30, 1996.

Paragraph (4) defines those capital investments whose principal amounts are reset by Section 3303. ''Old capital investments'' are capital investments whose capitalized costs were incurred but not repaid before October 1, 1996, provided that the related project, facility, or separable unit or feature was placed in service before October 1, 1996. Thus, the capital investments whose principal amounts are reset by Section 3303 do not include capital investments placed in service after September 30, 1996. The term ''capital investments'' is defined in subsection (a)(2).

Paragraph (5) defines ''repayment date'' as the end of the period that the Administrator is to establish rates to repay the principal amount of a capital investment.

Paragraph (6) defines the term ''Treasury rate.'' The term Treasury rate is used to establish both the discount rates for determining the present value of the old capital investments (subsection (b)(1)) and the interest rates that will apply to the new principal amounts of the old capital investments (subsection (c)). The term Treasury rate is also used under subsection (g) in determining the interest rates that apply to new capital investments, as that term is defined.

In the case of each old capital investment, Treasury rate means a rate determined by the Secretary of the Treasury, taking into consideration prevailing market yields, during the month preceding October 1, 1996, on outstanding interest-bearing obligations of the United States with periods to maturity comparable to the period between October 1, 1996, and the repayment date for the old capital investment. Thus, the interest rates and discount rates for old capital investments reflect the Treasury yield curve proximate to October 1, 1996. Likewise, in the case of each new capital investment, the Treasury rate means a rate determined by the Secretary of the Treasury, taking into consideration prevailing market yields during the month preceding the beginning of the fiscal year in which the related facilities are placed in service, on outstanding interest-bearing obligations of the United States with periods to maturity comparable to the period between the beginning of the fiscal year in which the related facilities are placed in service and the repayment date for the new capital investment. Thus, the interest rates for new capital investments reflect the Treasury yield curve proximate to the beginning of the fiscal year in which the facilities the new capital investment concerns are placed in service.

The term Treasury rate is not to be confused with other interest rates that Section 3303 directs the Secretary of the Treasury to determine, specifically, the short-term (one-year) interest rates to be used in calculating interest during construction of new capital investments (subsection (f)) and the interest rates for determining the interest that would have been paid in the absence of Section 3303 on old capital investments that are placed in service after the date of enactment of Section 3303 but prior to October 1, 1996 (subsection (b)(3)(B)(ii)). These latter interest rates reflect rate methodologies very similar to those specified by the term Treasury rate, but apply to different features of Section 3303.

It is expected that the Secretary of the Treasury will use an interest rate formulation that the Secretary uses to determine rates for federal lending and borrowing programs generally.

SUBSECTION (b) NEW PRINCIPAL AMOUNTS

Subsection (b) establishes new principal amounts of the old capital investments, which the Administrator is obligated by law to establish rates to repay. These investments were made by Federal taxpayers primarily through annual appropriations and include investments financed by appropriations to the U.S. Army Corps of Engineers, the U.S. Bureau of Reclamation, and to BPA prior to implementation of the Federal Columbia River Transmission System Act. In general, the new principal amount associated with each such investment is determined (regardless of whether the obligation is for the transmission or generation function of the FCRPS) by (a) calculating the present value of the stream of principal and interest payments on the investment that the Administrator would have paid to the U.S. Treasury absent this Section 3303 and (b) adding to the principal of each investment a *pro rata* portion of $100 million. The new principal amount is established on a one-time-only basis. Although the new principal amounts become effective on October 1, 1996, the actual calculation of the reset principal will not occur until after October 1, 1996, because the discount rate will not be determined, and BPA's final audited financial statements will not become available, until later in that fiscal year.

As prescribed by the term ''old capital investment,'' the new principal amount is not set for appropriations-financed FCRPS investments the related facilities of which are placed in service in or after fiscal year 1997; for Federal irrigation investments required by law to be recovered by the Administrator from the sale of electric power, transmission or other services; or for investments financed by BPA current revenues or by bonds issued or sold, or authorized to be issued and sold, under section 13 of the Federal Columbia River Transmission System Act.

The discount rate used to determine the present value is the Treasury rate for the old capital investment and is identical to the interest rate that applies to the new principal amounts of the old capital investments. Thus, the Secretary of the Treasury is responsible for determining the interest rate and the discount rate assigned to each old capital investment.

The discount period for a principal amount begins on the date that the principal amount associated with an old capital investment is reset (October 1, 1996) and ends, for purposes of making the present value calculation, on the repayment dates provided in this section. The repayment dates for purposes of making the present value calculation are already assigned to almost all of the old capital investments. For old capital investments that will be placed in service after October 1, 1994, but before October 1, 1996, no such dates have been assigned. The Administrator will establish the dates for these latter investments in accordance with U.S. Department of Energy Order RA 6120.2—''Power Marketing Administration Financial Reporting,'' as in effect at the beginning of fiscal year 1995. These ideas are captured in the definition of the term ''old payment amounts.''

The interest portion of the old payment amounts is determined on the basis that the principal amount would bear interest annually until repaid at interest rates assigned by the Administrator. For almost all old capital investments, these interest rates were assigned to the capital investments prior to the effective date of Section 3303. (For old capital investments that are placed in service after September 30, 1994, the interest rates to be used in determining the old payment amounts will be a rate determined by the Secretary of the Treasury proximate to the beginning of the fiscal year in which the related project or facility, or the separable unit or feature of a project or facility, was placed in service. Subsection (b)(3)(B)(ii) provides the manner in which these interest rates are established.) Thus, for purposes of determining the present value of a given interest payment on a capital investment, the discount period for the payment is between October 1, 1996, and the date the interest payment would have been made.

The *pro rata* allocation of $100,000,000 is based on the ratio that the nominal principal amount of the old capital investment bears to the sum of the nominal principal amounts of all old capital investments. This added amount fulfills a key financial objective of Section 3303 to provide the U.S. Treasury and Federal taxpayers with a $100,000,000 increase in the present value of BPA's principal and interest payments with respect to the old capital investments. Since the $100,000,000 is a nominal amount that bears interest at a rate equal to the discount rate, the present value of the stream of payments is necessarily increased by $100,000,000.

Subsection (b)(2) provides that with the approval of the Secretary of the Treasury based solely on consistency with Section 3303, the Administrator shall determine the new principal amounts under subsection (b) and the assignment of interest rates to the new principal amounts under subsection (c). The Administrator will calculate the new principal amount of each old capital investment in accord with subsection (b) on the basis of (i) the outstanding principal amount, the interest rate and the repayment date of the related old capital investment, (ii) the discount rate provided by the Secretary of the Treasury, and (iii) for purposes of calculating the pro rata share of $100 million in each new principal amount under subsection (b)(2)(B), the total principal amount of all old capital investments. The Administrator will provide this data to the Secretary of the Treasury so that the Secretary can approve that the calculation of each new principal amount is consistent with this section and that the assignment of the interest rate to each new principal amount is consistent with subsection (c).

The approval by the Secretary of the Treasury will be completed as soon as practicable after the data on the new principal amounts and the interest rates are provided by the Administrator. It is expected that the approval by the Secretary will not require substantial time.

SUBSECTION (c) INTEREST RATES FOR NEW PRINCIPAL AMOUNTS

Subsection (c) provides that the unpaid balance of the new principal amount of each

old capital investment shall bear interest at the Treasury rate for the old capital investment, as determined by the Secretary of the Treasury under subsection (a)(6)(A). The unpaid balance of each new principal amount shall bear interest at that rate until the earlier of the date the principal is repaid or the repayment date for the investment.

SUBSECTION (d) REPAYMENT DATES

Subsection (d), in conjunction with the term ''repayment date'' as that term is defined in subsection (a)(5), provides that the end of the repayment period for each new principal amount for an old capital investment shall be no earlier than the repayment date used in making the present value calculations in subsection (b). Under existing law, the Administrator is obligated to establish rates to repay capital investments within a reasonable number of years. Subsection (d) confirms that the Administrator retains this obligation notwithstanding the enactment of Section 3303.

SUBSECTION (e) PREPAYMENT LIMITATIONS

Subsection (e) places a cap on the Administrator's authority to prepay the new principal amounts of old capital investments. During the period October 1, 1996 through September 30, 2001, the Administrator may pay the new principal amounts of old capital investments before their respective repayment dates provided that the total of the prepayments during the period does not exceed $100,000,000.

SUBSECTION (f) INTEREST RATES FOR NEW CAPITAL INVESTMENTS DURING CONSTRUCTION

Subsection (f) establishes in statute a key element of the repayment practices relating to new capital investments. Subsection (f) provides the interest rates for determining the interest during construction of these facilities. For each fiscal year of construction, the Secretary of the Treasury determines a short-term interest rate upon which that fiscal year's interest during construction is based. The short-term interest rate for a given fiscal year applies to the sum of (a) the cumulative construction expenditures made from the start of construction through the end of the subject fiscal year, and (b) interest during construction that has accrued prior to the end of the subject fiscal year. The short-term rate for the subject fiscal year is set by the Secretary of the Treasury taking into consideration the prevailing market yields on outstanding obligations of the United States with periods to maturity of approximately one year. These ideas are included in the definition of the term ''one-year rate.''

This method of calculating interest during construction equates to common construction financing practice. In this practice, construction is funded by rolling, short-term debt which, upon completion of construction, is finally rolled over into long-term debt that spans the expected useful life of the facility constructed. Accordingly, subsection (f) provides that amounts for interest during construction shall be included in the principal amount of a new capital investment. Thus, the Administrator's obligation with respect to the payment of this interest arises when construction is complete, at which point the interest during construction is included in the principal amount of the capital investment.

SUBSECTION (g) INTEREST RATES FOR NEW CAPITAL INVESTMENTS

Subsection (g) establishes in statute an important component of BPA's repayment practice, that is, the methodology for determining the interest rates for new capital investments. Heretofore, administrative policies and practice established the interest rates applicable to capital investments as a long-term Treasury interest rate in effect at the time construction commenced on the related facilities. By contrast, subsection (g) provides that the interest rate assigned to capital investments made in a project, facility, or separable unit or feature of a project or facility, provided it is placed in service after September 30, 1996, is a rate that more accurately reflects the repayment period for the capital investment and interest rates at the time the related facility is placed in service. The interest rate applicable to these capital investments is the Treasury rate, as defined in subsection (a)(6)(B). Each of these investments would bear interest at the rate so assigned until the earlier of the date it is repaid or the end of its repayment period.

SUBSECTION (h) CREDITS TO ADMINISTRATOR'S REPAYMENT TO THE UNITED STATES TREASURY

Subsection (h) provides that the Administrator shall continue to receive certain credits to annual cash transfers by the Administrator to the U.S. Treasury. The credits are related to annual payments by the Administrator under a settlement of certain claims against the United States by the Confederated Tribes of the Colville Reservation, which claims relate to the construction and operation of the Grand Coulee Dam. The credits, together, with a lump-sum payment by the United States to the Tribes, represent an equitable allocation of the costs of the settlement between BPA ratepayers and federal taxpayers.

The credits provided under this subsection (h) shall be applied against interest or other payments to be made by the Administrator to the U.S. Treasury. The payments to the U.S. Treasury available for crediting include, without limitation, interest and principal payments associated with capital investments as reset under this Section 3303, on bonds issued by BPA to the U.S. Treasury, and in connection with FCRPS investment that are placed in service after September 30, 1996.

Subsection (h) also provides that it will apply ''notwithstanding any other law.'' This clause assures that subsection (h) amends section 6 of the Confederated Tribe of the Colville Reservation Grand Coulee Dam Settlement Act, P.L. 103–436 (the ''Settlement Act''). Subsection (h) amends section 6 of the Settlement Act solely by reshaping over time the credits otherwise available to BPA under the Settlement Act.

BPA's obligation to make payments to the Tribes under the Settlement Agreement authorized in the Settlement Act would not in anyway change with the enactment of subsection (h). Likewise, BPA's payments to the Tribes under the Settlement Agreement authorized in the Settlement Act, would in no manner be conditioned on or subject to the availability or application of the credits.

The new schedule of credits provided in subsection (h) would also not affect the present value of the ratepayers' or taxpayers' respective shares of the costs of the Settlement Agreement. It does, however, enable the impacts of the refinancing on BPA's rates to be ameliorated in the near term.

SUBSECTION (i) CONTRACT PROVISIONS

Subsection (i) is intended to capture in contract the purpose of this legislation to permanently resolve issues relating to the repayment obligations of BPA's customers associated with an old capital investment. With regard to such investments, paragraph (1) of subsection (i) requires that the Administrator offer to include in power and transmission contracts terms that prevent the Administrator from recovering and returning to the U.S. Treasury any return of the capital investments other than the interest payments or principal repayments authorized by Section 3303. Paragraph (1) of subsection (i) also provides assurance to ratepayers that outstanding principal and interest associated with each old capital investment, the principal of which is reset in this legislation, shall be credited in the amount of any payment in satisfaction thereof at the time the payment is tendered. This provision assures that payments of principal and interest will in fact satisfy principal and interest payable on these capital investments.

Whereas paragraph (1) of subsection (i) limits the return to the U.S. Treasury of the Federal investments in the designated projects and facilities, together with interest thereon, paragraph (2) of subsection (i) requires the Administrator to offer to include in contracts terms that prevent the Administrator from recovering and returning to the U.S. Treasury any additional return on those old capital investments. Thus, the Administrator may not impose a charge, rent or other fee for such investments, either while they are being repaid or after they have been repaid. Paragraph (2) of subsection (i) also contractually fixes the interest obligation on the new principal obligation at the amount determined pursuant to subsection (c) of Section 3303.

Paragraph (3) of subsection (i) is intended to assure BPA ratepayers that the contract provisions described in paragraphs (1) and (2) of subsection (i) are not indirectly circumvented by requiring BPA ratepayers to bear through BPA rates the cost of a judgment or settlement for breach of the contract provisions. The subsection also confirms that the judgment fund shall be available to pay, and shall be the sole source for payment of, a judgment against or settlement by the Administrator or the United States on a claim for a violation of the contract provisions required by subsection (i). Section 1304 of title 31, United States Code, is a continuing, indefinite appropriation to pay judgments rendered against the United States, provided that payment of the judgment is ''not otherwise provided for.'' Paragraph 3 of subsection (i) of Section 3303 assures both that the Bonneville fund, described in section 838 of title 16, United States Code, shall not be available to pay a judgment or settlement for breach by the United States of the contract provisions required by subsection (i) of Section 3303, and that no appropriation, other than the judgment fund, is available to pay such a judgment.

Paragraph (4)(A) of subsection (i) establishes that the contract protections required by subsection (i) of Section 3303 do not extend to Bonneville's recovering a tax that is generally applicable to electric utilities, whether the recovery by Bonneville is made through its rates or by other means.

Paragraph (4)(B) of subsection (i) makes clear that the contract terms described above are in no way intended to alter the Administrator's current rate design discretion or ratemaking authority to recover other costs or allocate costs and benefits. This Section 3303, including the contract provisions under subsection (i), does not preclude the Administrator from recovering any other costs such as general overhead, operations and maintenance, fish and wildlife, conservation, risk mitigation, modifications, additions, improvements, and replacements to facilities, and other costs properly allocable to a rate or resource.

SUBSECTION (j) SAVINGS PROVISIONS

Paragraph (1) of this section assures that the principal and interest payments by the Administrator as established in this Section 3303 shall be paid only from the Administrator's net proceeds.

Paragraph (2) confirms that the Administrator may repay all or a portion of the principal associated with a capital investment

before the end of its repayment period, except as limited by subsection (e) of Section 3303.

Mr. BOND. Mr. President, I would like to bring one item of concern to the attention of the chairman of the Appropriations Committee. Specifically, I am concerned about a provision contained in the House-passed version of this bill which would prohibit expenditure of any funds to expand our Embassy in Vietnam or open new facilities beyond those that were in place on July 11, 1995, unless the President makes a number of certifications relating to the efforts to account for soldiers missing in action from the Vietnam war.

Mr. President, this is an unnecessary provision which will do nothing to support our Government's active, successful, on-going efforts to resolve remaining MIA cases.

The Senate has not had the opportunity to speak on this particular provision. The Senate last fall did, however, consider a proposal to slow efforts to move forward on relations with Vietnam, and we rejected it by an overwhelming margin. That vote certainly indicates that the majority of the Senate supports moving forward in our relationship with Vietnam.

I urge the chairman to recognize that there is strong opposition to this provision in the Senate, and reject it in the House-Senate conference.

Mr. HATFIELD. Mr. President, I am aware of the concerns of the Senator from Missouri. I am further aware that those concerns are shared by a large number of our colleagues, and I will make an effort in conference to maintain the Senate position on this issue.

Mr. BOND. Mr. President, I thank the chairman and I assure him I will be a vocal supporter of that position in conference.

Mr. KERREY. Mr. President, I join the Senator from Missouri in expressing opposition to the provision contained in the House bill which will restrict our ability to move forward in Vietnam. I believe both the Senate and the President have clearly expressed their opposition to this provision in the past.

The inclusion of this provision in the fiscal year 1996 Commerce-State-Justice conference report was cited by the President as one of the reasons for his veto of that legislation. Furthermore the President has indicated that he intends to veto the Foreign Relations Authorization Act in part because of the inclusion of this provision that will limit his ability to further normalize relations with Vietnam. Specifically, he warns this provision ''could threaten the progress that has been made on POW/MIA issues * * *''

I strongly opposed this restriction last fall, and I will oppose it just as strongly in this conference.

Mr. KERRY. Mr. President, I would like to address this issue as well. The Senate has voted more than once on the question of how best to promote the full accounting of Americans missing in action in Vietnam and on the issue of moving forward in our relations with Vietnam. In each case, this body has voted to take reciprocal steps toward Vietnam as a means of achieving both these objectives. The provision contained in the House bill, if included in the conference report, would be contrary to the Senate's clear record and for that reason it should be rejected by the conferees.

That is not the only reason it should be rejected, however. Working with Vietnam, we have established an unprecedented process for resolving outstanding POW/MIA cases. American and Vietnamese teams are working together to conduct field exercises and to pursue other leads. Even as we speak, a high-level Presidential delegation is in Hanoi consulting with Vietnamese government officials on the progress of this effort. The legislation contained in the House bill could jeopardize this ongoing work and set back the progress we are making.

I think we should recognize this provision for what it is—a thinly veiled attempt to undermine the administration's decision to normalize relations with Vietnam. The majority of Members in this body was indicated they support normalization. We should not allow the House to put us on record otherwise.

Mr. MCCAIN. Mr. President, I am very pleased that the Committee has seen fit to strike the provision of the House-passed omnibus appropriations bill which restricts the United States diplomatic presence in Vietnam. I would like to join my colleagues in opposition to the House provision.

The committee first dealt with this issue in response to a House amendment to the CJS bill which passed without a recorded vote. That amendment, as my colleagues may remember, prohibited funds for expanding diplomatic relations with Vietnam. When the conference report was approved by the Senate on December 7, 1995, it allowed for funding, but conditioned funding on a Presidential certification involving missing servicemen.

The President listed the Vietnam provision as one of his reasons for vetoing the CFS bill. In his estimation, the restriction ''unduly restricts his ability to pursue national interests in Vietnam.'' Nevertheless, the House has decided to revisit the issue. It has included language in its Omnibus appropriation bill virtually identical to the language which solicited to veto on CFS and just 2 days ago the threat of another on the State Department reorganization bill.

I couldn't agree with the President more in this regard. He has made a decision to normalize relations with Vietnam—a decision certainly consistent with this constitutional authority, and he should not be constrained in carrying it out. I commend the Senate committee for acting in a manner which will allow United States-Vietnam relations to move forward.

I am still hopeful that we can put this issue behind us. The Senate, after all, has demonstrated time and again its lack of support for any restrictions on our relations with Vietnam. It has done so once again by striking the House Vietnam language in the bill before us. I encourage the Senate conferees to honor the very clear sentiment of the Senate and to hold firm.

Mr. HATFIELD. Mr. President, I thank all senators for their comments. I look forward to working with my colleagues on the committee to try to resolve this issue in a way that meets their concerns.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMS. Mr. President, I also ask unanimous consent to speak as if in morning business for up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

AN ENERGY DEPARTMENT IN SEARCH OF AN ENERGY MISSION

Mr. GRAMS. Mr. President, a great many businesses, nonprofit organizations, and even Government agencies have created their own mission statements.

Far from simply being slogans, mission statements can serve as a guiding force, setting out specific goals, principles, and objectives.

When I was elected to the Senate, I drafted a mission statement for my office which outlines the priorities of the Minnesotans I was sent here to represent, and offers a yardstick we can use to measure how well we are meeting their needs.

It works—a mission statement brings the mission into focus.

But what happens when a massive Federal agency, entrusted with billions of taxpayer dollars, is forced to operate without a definable mission? How can it remain accountable to the taxpayers when its mission is constantly shifting and evolving?

Without a well-defined mission to contain it, a bureaucracy can grow in one of two ways. It can spread as quickly as fire on a lake of gasoline, rapidly consuming every inch of available space. Or it might expand slowly, like water dripping into a bucket, gradually growing in volume until it finally spills over its borders.

Either way, the results can be disastrous.

Metaphors aside, if you need a concrete example that illustrates the kind of bureaucracy I'm describing, you need look no further than the Department of Energy.